

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

Case No. 17-BK-3283
(LTS)

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO,

as representative of

THE PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA
Title III

Case No. 17-BK-4780
(LTS)

THE SPECIAL CLAIMS COMMITTEE OF THE FINANCIAL
OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO
RICO, ACTING BY AND THROUGH ITS MEMBERS,

and

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF THE PUERTO RICO ELECTRIC POWER AUTHORITY,

as co-trustees respectively, of

Adv. Proc. No.

Case No. 19-00388
(LTS)

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK- 3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747).

THE PUERTO RICO ELECTRIC POWER AUTHORITY,

Plaintiffs,

v.

INSPECTORATE AMERICA CORPORATION; SAYBOLT LP;
ALTOL CHEMICAL ENVIRONMENTAL LABORATORY INC.
D/B/A ALCHEM LABORATORY; ALTOL ENVIRONMENTAL
SERVICES, INC.; CARLOS R. MÉNDEZ & ASSOCIATES;
TRAFIGURA TRADING LLC; TRAFIGURA BEHEER B.V.;
TRAFIGURA LIMITED; TRAFIGURA ARGENTINA S.A.; VITOL
S.A., INC.; VITOL, INC.,

Defendants.

**JOINT STATUS REPORT AND
PROPOSED ORDER ON CASE MANAGEMENT**

To The Honorable United States Magistrate Judge Judith Gail Dein:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), acting by and through the members of its Special Claims Committee (the “SCC”), and the Committee of Unsecured Creditors of all Title III Debtors (other than COFINA and PBA) (the “Committee”, and together with the Oversight Board, the “Co-Plaintiffs”), together with the plaintiffs in *Marrero-Rolon, et al. v. Autoridad de Energia Electrica, et al.*, Case No. 15-01167 (JAG) (D.P.R.) (the “Marrero-Rolon Plaintiffs” in the “Marrero-Rolon Action”) and the Defendants in this proceeding (together, the “Parties”), respectfully submit this Joint Status Report and proposed order attached hereto as Exhibit A (the “Proposed Order”).²

² As used in this Joint Status Report, “Defendants” refers collectively to Altol Chemical Environmental Laboratory Inc. d/b/a Alchem Laboratory Inc., Altol Environmental Services, Inc., Carlos R. Mendez & Associates, Inspectorate America Corporation, Saybolt LP, Trafigura Argentina S.A., Trafigura Beheer B.V., Trafigura Limited, Trafigura Trading LLC, Vitrol, Inc., and Vitrol S.A., Inc.

The Co-Plaintiffs have commenced the above-captioned adversary proceedings alleging, among other things, misconduct relating to the purchase and laboratory testing of fuel oil by the Puerto Rico Electric Power Authority (“PREPA”), a Debtor in the above-captioned PROMESA Title III adjustment proceeding. In 2015, the Marrero-Rolon Plaintiffs filed suit in the United States District Court for the District of Puerto Rico, alleging a scheme to procure and provide PREPA with fuel oil for the combustion of electricity under the guise it met the specifications of contracts between PREPA and certain of its fuel oil suppliers, as well as specifications set by the Environmental Protection Agency. The Marrero-Rolon Plaintiffs have proposed to intervene in this adversary proceeding, which motion is fully briefed (*see* ECF Nos. 9, 29, 30, 31, 43). On December 10, 2019, this Court entered its *Order Granting in Part Motion to Stay Adversary Proceeding and Setting Deadline for Filing of Joint Status Report* [ECF No. 61] (the “Fuel Oil Stay Order”). The Fuel Oil Stay Order required the Parties to meet and confer and provide the Court with a detailed status report meeting the Court’s specifications by May 12, 2020. On May 8, 2020, the Parties filed with the Court the *Joint Status Report And Proposed Order On Case Management* [ECF No. 65] requesting that the Court enter an order extending the deadline to provide a status report regarding the extent and manner of the Parties coordination to July 15, 2020, and that this Court extend the litigation stay and such other deadlines contained in the Fuel Oil Stay Order consistent with such date. On May 12, 2020, this Court entered its *Order On Case Management* [EDC No. 66] extending the deadline for the Parties to file a joint status report to July 15, 2020.

In compliance with the Fuel Oil Stay Order and in further support of the Proposed Order, the Parties respectfully represent as follows:

1. The Court has previously indicated that some degree of coordination between this Adversary Proceeding and the Marrero-Rolon Action would be beneficial.

2. The Parties are engaged in ongoing discussions regarding potential intervention by the Marrero-Rolon Plaintiffs into these proceedings, including the scope of any such intervention.

3. The Parties agree that an extension to August 17, 2020 is warranted to permit the Parties to continue those discussions and either reach agreement on any potential intervention of the Marrero-Rolon Plaintiffs or highlight the parties' disputes on that issue. Moreover, August 17, 2020 is sufficiently in advance of the September 16, 2020 Omnibus Hearing such that parties will have meaningful time to respond to a status report filed on or before August 17, 2020.

4. Accordingly, the Parties propose that the deadline provided in the Fuel Oil Stay Order for the Parties to meet and confer and provide a status report regarding the extent and manner of their coordination be extended to August 17, 2020. In the event the parties agree to any order concerning intervention, the August 17, 2020 status report shall also include a proposed schedule for this adversary proceeding.

5. The parties further propose that a hearing on the Joint Status Report filed on or before August 17, 2020, and any proposed intervention order submitted therewith, take place at the Omnibus Hearing scheduled for September 16, 2020, with responses to the status report and any proposed order contained therein due on or before September 7, 2020, and any replies due on or before September 15, 2020.

6. Finally, the parties request that the Court extend the litigation stay and such other deadlines contained in the Fuel Oil Stay Order consistent with such August 17, 2020 deadline for the status report.

Dated: July 14, 2020
San Juan, Puerto Rico

Respectfully Submitted,

/s/ Sunni P. Beville

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Exhibit A

Proposed Order

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

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THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

Case No. 17-BK-3283 (LTS)

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

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THE PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA

Title III

Case No. 17-BK-4780 (LTS)

THE SPECIAL CLAIMS COMMITTEE OF THE
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO, ACTING BY AND THROUGH ITS
MEMBERS,

and

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF THE PUERTO RICO ELECTRIC POWER
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Adv. Proc. No.

Case No. 19-00388 (LTS)

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK- 3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747).

as co-trustees respectively, of

THE PUERTO RICO ELECTRIC POWER AUTHORITY,

Plaintiffs,

v.

INSPECTORATE AMERICA CORPORATION; SAYBOLT LP; ALTOL CHEMICAL ENVIRONMENTAL LABORATORY INC. D/B/A ALCHEM LABORATORY; ALTOL ENVIRONMENTAL SERVICES, INC.; CARLOS R. MÉNDEZ & ASSOCIATES; TRAFIGURA TRADING LLC; TRAFIGURA BEHEER B.V.; TRAFIGURA LIMITED; TRAFIGURA ARGENTINA S.A.; VITOL S.A., INC.; VITOL, INC.,

Defendants.

[PROPOSED] ORDER ON CASE MANAGEMENT

Upon the *Joint Status Report and Proposed Order on Case Management*, dated July 14, 2020 (the “Report”),² and the Court having found and determined that: (i) the Court has jurisdiction to consider the Proposed Order and the relief requested therein under PROMESA section 306(a); (ii) venue is proper before this Court pursuant to PROMESA section 307(a); (iii) the relief requested is in the best interests of the Debtors, their creditors, and other parties in interest; (iv) the Debtors provided adequate and appropriate notice under the circumstances and that no other or further notice is required; (v) the Report has been submitted in compliance with the *Order Granting in Part Motion to Stay Adversary Proceeding and Setting Deadline for Filing of Joint Status Report* [ECF No. 61] (the “Fuel Oil Stay Order”); and (vi) after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED THAT:

² Capitalized terms used but not defined in this Order shall have the meaning given them in the Report.

1. Except as specifically provided in this Order, the Fuel Oil Stay Order shall remain in force.
2. The Parties must meet and confer and the Debtors shall provide the Court with a detailed Status Report by August 17, 2020.
3. Any responses to the status report are due on or before September 7, 2020.
4. Any replies in support of the status report are due on or before September 15, 2020.
5. A hearing on the Status Report shall take place at the Omnibus Hearing scheduled for September 16, 2020 at the United States District Court for the District of Puerto Rico, 150 Carlos Chardon Street, Federal Building, San Juan, Puerto Rico.
6. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, enforcement, or interpretation of this Order.

SO ORDERED.

Dated: _____, 2020

Honorable Judith Gail Dein
United States Magistrate Judge